

Summary

SAVE OUR INDUSTRIES ACT (H.R. 2387)

TO EXPAND TRADE IN TEXTILES AND APPAREL BETWEEN
THE UNITED STATES AND THE PHILIPPINES

SAVE ACT

INCREASING U.S.
EXPORTS

STRENGTHENING THE
U.S.-PHILIPPINE
RELATIONSHIP

REJUVENATING THE
PHILIPPINE APPAREL
INDUSTRY

The SAVE Act is innovative win-win trade legislation with a broad coalition of support that will sustain jobs in both the United States and the Philippines.

The SAVE Act:

- The SAVE Act would allow for apparel products manufactured in the Philippines using U.S. made fabrics to enter the United States duty free.
- The legislation would also provide duty-free benefits for a limited number of non-import sensitive apparel articles to help reestablish a competitive Philippine apparel industry.
- The SAVE Act would provide for the strictest levels of customs enforcement, putting in place measures to prevent any transshipment of apparel under the program.

Benefits of the SAVE Act:

- The SAVE Act would create for the first time a much needed opportunity for U.S. textile manufacturers to export fabrics to an Asian market and in turn create U.S. textile sector jobs.
- This legislation would maintain an important sourcing option in Asia for U.S. brands and retailers by allowing the Philippines to compete with China in the post- quota era.
- The bill would expand one of the most favorable and balanced U.S. bilateral trade relationships in the fast-growing Asia-Pacific region.
- The SAVE Act represents the first trade initiative with the Philippines, a former U.S. colony and key ally, in almost four decades, and would provide an important stepping-stone to a free trade agreement.

Sponsors

Congressman Jim McDermott (WA)
Congressman Steve Austria (OH)
Congressman Brian Bilbray (CA)
Congressman Madeleine Bordallo (GU)
Congressman Joseph Crowley (NY)
Congressman Bob Filner (CA)
Congresswoman Mazie Hirono (HI)
Congressman Peter King (NY)
Congressman Charles Rangel (NY)
Congressman Gregorio Sablan (MO)

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Key Provisions

SAVE OUR INDUSTRIES ACT (H.R. 2387)

REVITALIZING THE U.S. TEXTILE AND PHILIPPINE APPAREL INDUSTRIES

SAVE ACT

INCREASING U.S. EXPORTS

STRENGTHENING THE U.S.-PHILIPPINE RELATIONSHIP

REJUVENATING THE PHILIPPINE APPAREL INDUSTRY

The Core Elements of the SAVE Act:

- The SAVE Act has been drafted to provide duty-free treatment to apparel products imported into the United States that have been manufactured in the Philippines using U.S. made fabrics.
- This type of program is often referred to as "809" and was important in the development of the U.S. textile and apparel trade relationship with the Caribbean and Central American region.
- Proposed products under the 809 provision are based on the type of fabrics still made in the United States and include such items as: cotton and man-made fiber (MMF) trousers, cotton and MMF knit shirts, MMF knit coats, MMF woven men's shirts, and cotton and MMF swimwear.
- To be eligible, fabrics would need to be dyed and finished in the United States, although they could undergo certain processes in the Philippines, such as embroidering, stone-washing and screen printing.
- To enter duty-free, eligible apparel would need to be shipped directly from the Philippines to the United States.

Cut & Sew Rules for Selected Products:

- The SAVE Act program would also allow duty-free treatment for a limited range of articles manufactured in the Philippines of fabrics not otherwise

available in the United States, thus employing a "cut & sew" rule.

- By allowing these non-import sensitive items, Philippine apparel manufacturers would be able to provide a more competitive product offering to U.S. brands and retailers which would also likely increase the use of the "809" program.
- Included in this category are such items as: women's & girls' cotton coats, men's & boy's MMF coats, cotton & MMF dresses and skirts, women's & girls cotton and MMF blouses, and infants' wear.

Enforcement and Customs:

- The SAVE Act would put in place the strongest type of requirements to prevent transshipment and promote strict customs enforcement.
- Among other requirements the Philippines would be required to establish procedures for the seizure of possible transshipped merchandise before it is sent to the United States.
- Significant penalties would be imposed on any importer or exporter found in violation of the SAVE Act provisions.
- The Philippines would be required to establish procedures to allow the U.S. Government access to information for shipments before they reach U.S. Customs under an Electronic Visa Information System (ELVIS).

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Mutual Benefits

THE SAVE ACT: AN IDEAL FIT FOR U.S. TEXTILES AND PHILIPPINE GARMENTS

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New Economic Opportunities

Under the SAVE Act, U.S. textile manufacturers would be provided with a critical new opportunity to export fabrics into the dynamic and growing Asian market. With only modest levels of domestic apparel manufacturing remaining, U.S. textile mills are heavily reliant on foreign export markets.

Currently about two-thirds of U.S. textiles are shipped to NAFTA and CAFTA-DR countries. In 2010, less than \$36 million or 0.2% of U.S. textile mill exports went to the Philippines, the vast majority of which consisted of industrial and specialty fabrics.

Within a few years of enactment of the SAVE Act, U.S. textile exporters could see a large new export market for apparel fabrics that would help to sustain and expand the U.S. industry, and provide thousands of additional jobs.

The Philippines also has extensive market access in the Asian region, including through the ASEAN Free Trade Area and the Japan-Philippines Economic Partnership Agreement, which could permit garments made in the Philippines using U.S. fabrics to be exported throughout Asia, further increasing the opportunities for U.S. textile producers.

Mutual Benefits

The SAVE Act program would not only help the U.S. textile industry but also the Philippine apparel manufacturing industry. The Philippines has a long history in apparel manufacturing and is known for their quality needlework, especially for high-end fashion items. The Philippines, however, has very little domestic textile production and is thus reliant on foreign fabric imports to supply their apparel manufacturing sector – these could be U.S. fabrics under the SAVE Act program. Unfortunately, with the continued growth of China in apparel production and the end of the quota system, the Philippine apparel sector has been declining.

Employment in the sector has dropped from 600,000 jobs in 2003 to 150,000 today. At the same time, apparel exports to the United States have dropped by 50% since 2006. The SAVE Act duty reductions would make the Philippines a competitive sourcing country and create higher demand for Philippine garments. This increased demand would allow Philippine manufacturers to re-open or expand their facilities and return thousands of jobs to the industry, at the same time they would be using significant quantities of U.S. fabrics to do so.

Total U.S. Apparel Imports from the Philippines (U.S. Dollars)*

2006	2008	2009	2010
\$2 billion	\$1.4 billion	\$1 billion	\$1 billion

*Source: OTEXA

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Historical Partnership

THE SAVE ACT PROGRAM BUILDS ON OVER A CENTURY OF CLOSE RELATIONS BETWEEN THE UNITED STATES AND THE REPUBLIC OF THE PHILIPPINES

The United States and the Philippines share deep historical and cultural ties stretching back to the turn of the 20th century. Following the end of the Spanish-American War in 1898, the Philippines was annexed by the United States and later became a formal colony until the end of World War II. Since Independence in 1946, the Philippines has maintained close relations with the United States.

There are strong political, economic and security ties between the two countries. U.S.-Philippines cooperation is essential to combating extremism in Southeast Asia, and represents a key strategic partnership for the U.S. military. Moreover, one of the pillars of this important bilateral relationship is the some four million Filipino-Americans now residing in the United States.

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Notwithstanding the robust political, economic and security ties, the U.S. has not had any special trade arrangement with the Philippines in nearly four decades, although the United States does maintain preferential trade regimes for other former Asian-Pacific colonies such as the Marshall Islands, the Federated States of Micronesia and the Republic of Palau.

The United States and the Philippines have sustained a generally balanced bilateral trading relationship, which is not typical with other countries in the region. The SAVE Act program would continue to build on this positive trade relationship and further strengthen economic ties between the two countries.

U.S. Trade in Goods in Billions of U.S. Dollars*

	2008			2009			2010		
	Exports	Imports	Trade Balance	Exports	Imports	Trade Balance	Exports	Imports	Trade Balance
Philippines	\$8.3	\$8.7	\$-0.42	\$5.8	\$6.8	\$-1	\$7.4	\$7.9	\$-0.6
Thailand	\$9	\$23.5	\$-14.5	\$6.9	\$19.1	\$-12.2	\$8.4	\$22.7	\$-13.7
Indonesia	\$5.6	\$15.8	\$-10.2	\$5.1	\$12.9	\$-7.8	\$6.9	\$16.5	\$-9.5
Vietnam	\$2.8	\$12.9	\$-10.1	\$3.1	\$12.3	\$-9.2	\$3.7	\$14.9	\$-11.2
Malaysia	\$12.9	\$30.7	\$-17.8	\$10.4	\$23.3	\$-12.9	\$13.9	\$25.9	\$-11.9
Cambodia	\$0.15	\$2.4	\$-2.2	\$0.13	\$1.9	\$-1.8	\$0.15	\$2.3	\$-2.1

*Source: U.S. Census Bureau

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CLOTHING AND TEXTILE INDUSTRY TRIPARTITE COUNCIL

JOINT STATEMENT
OF
SUPPORT ON
THE SAVE OUR INDUSTRIES ACT BILL

We, the members of the Philippines Clothing and Textile industry Tripartite Council (CTITC),

ACKNOWLEDGING that the *SAVE OUR INDUSTRIES ACT* filed in the US Congress is a milestone initiative to boost the Apparel and Textile Industries in both the United States and the Philippine markets;

RECOGNIZING the urgent need to concertedly support the passage of the Save Act Bill in the U.S. Congress as this aims to revitalize the apparel and textile industries that are confronted with similar challenges; and

REAFFIRMING the unity of tripartite partners and all other concerned stakeholders in expressing all-out support and advocacy for the enactment of the said bill because these will strengthen the apparel and textile industries in the U.S. and the Philippines, for the following reasons:

1. It will accelerate creation of decent jobs;
2. it will increase trade in apparel and textiles between the U.S. and the Philippines and enhance the commercial well-being of their respective industries during these times of global economic hardship;
3. It will stimulate economic activity and development of the apparel and textile industries in both countries; and
4. It will usher tripartite commitment to implement an improved "Better Work Programme" for the Philippines, that includes decent work promotion, labor standards compliance monitoring, remediation and social dialogue.

NOW, THEREFORE, the foregoing premises considered, the tripartite stakeholders of the apparel and textile industries of the Philippines, including government, employers organizations and unions, as represented by the undersigned, fully support the immediate passage of the Save Act Bill before the U.S. Congress which would provide for a win-win apparel and textile trade program between the United States and the Philippines.

We are all committed to establish an improved "*Better Work Program*" in the apparel and textile industries for the Philippines;

We are all in agreement that the benefits of this trade agreement will be enjoyed only by companies meeting the accreditation criteria to be determined by the Clothing and Textile Industry Tripartite Council composed of the Department of Trade and Industry, Department of Labor and Employment, trade unions, and employers' organizations and to establish a mechanism for this within two (2) months after the signing of this Joint Statement thru the creation of a Technical Working Group that will draft the criteria for the approval of Clothing and Textile Industry Tripartite Council.


Further, we agree as a Council, that a labor rights language must be incorporated in the SAVE Act bill.

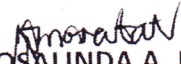
Each of the undersigned organizations pledges support and cooperation to meet the objectives stated above.

Adopted on 28 April 2011, In Manila, Philippines.

COUNCIL MEMBERS

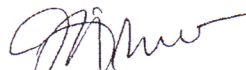
LABOR SECTOR


FLORENCIA CABATINGAN
Trade Union Congress of the Philippines


ROSALINDA A. MANABAT
Philippine Transport and General Workers
Organization-TUCP

LAUDICIA C. CASANA

Trade Federation 2-Kilos Damit-FFW



NELIA B. VIBAR

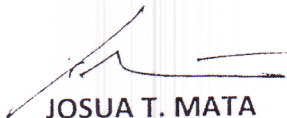
Alyansa ng mga Manggagawa sa Garments
at Textile-SUPER

ASUNCION B. BINOS

Pinag-isang Tinig at Lakas ng Anakpawis-APL

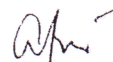
ANGELITO R. MENDOZA

National Confederation of Labor



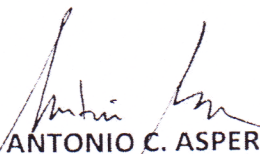
JOSUA T. MATA

Alliance of Progressive Labor (APL)



ANNIE R. ADVIENTO

International Textile, Garment and Leather
Workers' Federation (ITGLWF)



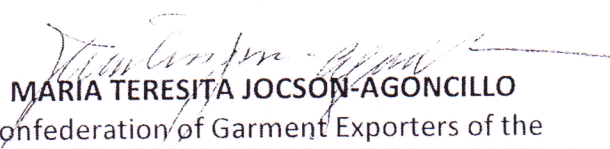
ANTONIO C. ASPER

Federation of Free Workers

EMPLOYERS' SECTOR

MARGARITA J. DELA RAMA

Garment Business Association of the
Philippines



MARIA TERESITA JOCSON-AGONCILLO

Confederation of Garment Exporters of the
Philippines

CLARO C. ARRIOLA

Textile Mills Association of the Philippines

GOVERNMENT SECTOR

ROSALINDA D. BALDOZ

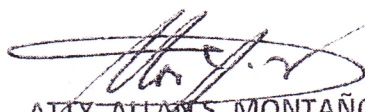
Secretary
Department of Labor and Employment

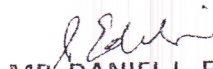
CRISTINO L. PANLILIO


Undersecretary
Department of Trade and Industry

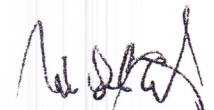
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
ATTY. DEMOCRITO T. MENDOZA
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Trade Union Congress of the Philippines


ATTY. ALLAN S. MONTAÑO
National President
Federation of Free Workers


MR. DANIEL L. EDRALIN
National Chairperson
Alliance of Progressive Labor


ATTY. ERNESTO R. ARELLANO
National President
National Confederation of Labor


MR. VICTORINO F. BALAIS
National President
Philippine Transport and General Workers
Organization-TUCP


MR. GERARD R. SENO
Vice President
Associated Labor Unions-TUCP



PHILIPPINE PER CAPITA GDP AS COMPARED TO
OTHER PREFERENCE PROGRAM PARTNERS

MAURITIUS (AGOA)	\$14,000
COSTA RICA (CBI)*	\$11,300
SOUTH AFRICA (AGOA)	\$10,500
COLOMBIA (ATPDEA)	\$9,800
PERU (ATPDEA)*	\$9,200
DOM. REP. (CBI)*	\$8,900
ECUADOR (ATPDEA)	\$7,800
EGYPT (QIZS)	\$6,200
JORDAN (QIZS)*	\$5,400
PHILIPPINES	\$3,500
NICARAGUA (CBI)*	\$3,000

*U.S. PROVIDED UNILATERAL TRADE PREFERENCES
PRIOR TO FTA

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